

Wholesale and Importer Licensee Survey Virginia Department of Alcoholic Beverage Control Spring 2006

Survey Purpose:

The ABC bi-annual customers and stakeholders surveys included the wine and beer wholesalers and importers who hold an ABC license. This 2006 survey has the additional group of direct ship wine and beer licensees, a license not available in 2004. The survey focused on:

- Contact with and services provided by Compliance Agents
- Contact with and services provided by Tax Management Department
- Use of the Tax Management website
- Use and participation in future services offered by the Department

Whom did we survey?

The Tax Management Department using the CORE database of licenses developed a list of 822 licensees covering wine and beer importers, wine and beer wholesalers, farm wineries and direct ship wine and beer licensees. The surveys were mailed in April 2006 with a follow up thank you/reminder postcard sent 6 days following the initial survey.

Response rate for the surveys was 30% (245/822). The 245 respondents held 438 different ABC licenses. Licensees represented by beer wholesaler, importer and direct shipper numbered 101. Licensees represented by wine wholesaler, importer, direct shipper and Farm Winery numbered 337.

What We Do Well

Overall Satisfaction Level

- Responses indicated that 59% were very satisfied and 34% were somewhat satisfied with services provided by Tax Management Department, a significant improvement from 2004 which was 33% satisfied and 60% somewhat satisfied.

Level of Service – Compliance Agents

- Nine out of 10 respondents rated services provided by Compliance Agents as excellent to good in professionalism, knowledge, ability to resolve issues and courteousness. Eight out of 10 rated as excellent to good services such as timely response to request and accessibility. All of these ratings are higher than the 2004 surveys.
- The two compliant agent services used most frequently by respondents and rated excellent to good included completing the ABC license application process (87%) and explanation of regulations (84%).

Level of Service – Tax Management Staff

- Nine out of 10 respondents rated Tax Management staff as excellent to good in professionalism and courteousness. Eight out of 10 rated Tax Management staff as excellent to good in areas such as ability to resolve issues, knowledge, timely response to request and accessibility.

Opportunities for Improvement

- In six out of seven services provided by Tax Management, there was a decline in the excellent and good ratings from the 2004 survey results. At the same time, the fair and poor ratings showed increases. These rates are supported by qualitative comments from customers as to some services taking too long by customer standards including brand registration and label approval processes. Other services such as the direct shippers report were described as too cumbersome and requiring too much paper work.

ABC Tax Management Web site

- Of all the customers and stakeholders surveyed, this group has one of the highest ABC Web Page usage rates. In 2006, 58% of the respondents have used ABC web page to view numerous forms and reports down from 68% in 2004. This group of customers is unique that they reside all over the country in addition to Virginia, which could explain their interest and usage of online services.
- Of those using/viewing the information on the ABC website, 76% view Brand Code Listings; 68% view Franchise information; 79% view Product Label Approval; 69% view Suppliers/Importers/Retailers information; 54% view Tax Rate information; 43% view Permits; 41% view Farm Winery Reports, and 54% view Territory Maps.

Usefulness of future on-line reports and services

- If given the opportunity to submit information on-line (electronically), 77% of all respondents would like to submit product approval applications electronically; 75% would like to submit tax information electronically; 53% would like to submit payment transactions; 53% would like to submit tax-exempt invoices electronically; and 56% would like to submit purchase order(s) electronically.
- The respondents were asked if it would be useful to have four additional reports available on-line; 66% would find a monthly Report of Total Liters Sold and Taxes Paid by Virginia Wholesale Distributors very to somewhat useful; 65% would find monthly a report of Out-Of-State Vendor Shipping Wine into Virginia, very to somewhat useful.

Opportunity for improvement

Customers in 2004 when asked these same questions about future services indicated they would be useful and utilized. In this 2006 survey, almost all percentages increased in the interest level for on-line web services. While some improvements were made to the web site based on the 2004 results, qualitative comments indicate there may be problems with capacity to maintain excessive traffic.

Customers comments have also provided the following suggestions for improving the website:

- Provide address/county/locality information cross-referenced and available online.
- The label approval section on the website sorts on the approval code #, low to high. It would be better if it sorted on the date approved or brand name first, and brand type second.

Survey Responses - Wholesaler and Importer

N = 245

(NOTE: Percentages are calculated based on the actual number that responded to each question.)

Compliance Agent Services

Please rate your experience with the following services provided by ABC Compliance Agents

Services	Excellent	Good	Fair	Poor	Number Responding
Completing the ABC license application process	43%	44%	10%	3%	N=221
Explanation of Regulations	37%	47%	15%	1%	N=227
Response to complaints	40%	40%	17%	3%	N=130
Information provided on promotions	34%	46%	16%	4%	N=118
Information provided on advertising regulations	33%	46%	18%	3%	N=126
Sales of unapproved products	36%	44%	15%	5%	N=104
Information on vendor sponsorship	37%	40%	17%	6%	N=143
Franchise issues	35%	40%	19%	6%	N=112

How would you rate the level of service provided by your Compliance Agent in the following areas?

Services	Excellent 2006	Excellent 2004	Good 2006	Good 2004	Fair 2006	Fair 2004	Poor 2006	Poor 2004
Courteous	66%	71%	28%	26%	6%	3%	0%	0%
Professional	63%	64%	33%	32%	4%	4%	0%	0%
Knowledgeable	55%	50%	36%	41%	8%	8%	1%	0%
Timely response requests	50%	48%	38%	31%	10%	16%	2%	5%
Ability to resolve issues	46%	44%	44%	42%	9%	12%	1%	2%
Accessible	47%	49%	41%	36%	11%	14%	1%	1%

Summary of Compliance Agent Services 2004 & 2006

Services Summary	Excellent & Good 2006	Excellent & Good 2004	Fair & Poor 2006	Fair & Poor 2004
Professional	96%	96%	4%	4%
Courteous	94%	97%	6%	3%
Knowledgeable	91%	91%	9%	8%
Ability to resolve issues	90%	86%	10%	16%
Timely response requests	88%	79%	12%	21%
Accessible	88%	85%	11%	15%

Tax Management Services

Please rate your experience with the following services provided by Tax Management

Services	Excellent 2006	<i>Excellent 2004</i>	Good 2006	<i>Good 2004</i>	Fair 2006	<i>Fair 2004</i>	Poor 2006	<i>Poor 2004</i>
Approve wine, cider, low alcohol & malt beverage products for sale through wine/beer wholesalers.	34%	23%	41%	54%	17%	19%	8%	4%
Approve wine, cider, and low alcohol beverages Gift Combination Packages.	35%	25%	36%	62%	22%	13%	7%	0%
Approve wine, cider, low alcohol beverages, and malt beverage label revisions.	30%	24%	41%	60%	21%	11%	8%	5%
Approve franchise documents and track franchise terminations.	34%	23%	36%	50%	21%	25%	9%	2%
Process wine, cider, and low alcohol beverages tax invoices, transfers, and purchase orders.	42%	29%	40%	67%	15%	2%	3%	2%
Collect and audit the wine, cider, low alcohol beverages, and malt beverage taxes.	37%	40%	49%	51%	12%	7%	2%	2%
Issue franchise terminations.	30%	27%	35%	53%	28%	10%	7%	10%
Collect & audit the direct shipper's tax	39%	-	42%	-	12%	-	7%	-

Summary of Tax Management Services Offered 2004 & 2006

Services Summary	Excellent & Good 2006	<i>Excellent & Good 2004</i>	Fair & Poor 2006	<i>Fair & Poor 2004</i>
Approve wine, cider, low alcohol & malt beverage products for sale through wine/beer wholesalers.	75%	77%	25%	23%
Approve wine, cider, and low alcohol beverages Gift Combination Packages.	71%	87%	29%	13%
Approve wine, cider, low alcohol beverages, and malt beverage label revisions.	71%	84%	29%	16%
Approve franchise documents and track franchise terminations.	70%	73%	30%	27%
Process wine, cider, and low alcohol beverages tax invoices, transfers, and purchase orders.	82%	96%	18%	4%
Collect and audit the wine, cider, low alcohol beverages, and malt beverage taxes.	86%	91%	14%	9%
Issue franchise terminations.	65%	80%	35%	20%
Collect & audit the direct shipper's tax	81%	N/A-	19%	N/A

How would you rate the level of service provided by Tax Management staff in the following areas?

Services	Excellent 2006	<i>Excellent 2004</i>	Good 2006	<i>Good 2004</i>	Fair 2006	<i>Fair 2004</i>	Poor 2006	<i>Poor 2004</i>
Courteous	55%	51%	37%	43%	7%	6%	1%	0%
Professional	51%	47%	41%	49%	6%	4%	2%	0%
Accessible	46%	41%	41%	48%	10%	10%	3%	1%
Knowledgeable	45%	38%	42%	56%	11%	6%	2%	0%
Timely response requests	41%	37%	43%	46%	11%	13%	5%	4%
Ability to resolve issues	38%	30%	48%	59%	11%	9%	3%	2%

Summary of Tax Management Staff 2004 & 2006

Services Summary	Excellent & Good 2006	<i>Excellent & Good 2004</i>	Fair & Poor 2006	<i>Fair & Poor 2004</i>
Courteous	92%	84%	8%	6%
Professional	92%	96%	8%	4%
Accessible	87%	89%	13%	1%
Knowledgeable	87%	94%	12%	6%
Timely response requests	84%	83%	16%	17%
Ability to resolve issues	86%	89%	13%	11%

Overall, how satisfied are you with the services provided by Tax Management?

Overall Satisfaction	2006 N = 214	<i>2004 N=121</i>
Very Satisfied	59%	33%
Somewhat satisfied	34%	60%
Somewhat Dissatisfied	6%	3%
Very Dissatisfied	1%	4%

Have you ever used the ABCTax Management web site?	2006 n = 245	2004 n = 121
Yes	58%	68%
No	42%	32%

How often do you utilize ABC's web page to view the following?

N=142	Often	Sometimes	Rarely	Never	Number of responses
Product Label Approval	40%	39%	16%	5%	N=127
Brand Code Listings	32%	44%	18%	4%	N=113
Permits	27%	44%	20%	9%	N=113
Franchise Information	28%	40%	21%	11%	N=87
Suppliers/Importers/Retailers	13%	54%	24%	9%	N=97
Tax Rate Information	11%	43%	27%	19%	N=93
Territory Maps	10%	44%	29%	17%	N=96
Farm Winery Report	24%	17%	27%	32%	N=63

How useful would you find the following reports if, in the future, they are offered on-line on ABC's web page?

	Very Useful 2006	Very Useful 2004	Somewhat Useful 2006	Somewhat Useful 2004	Not too useful & Not at all useful 2006	Not too useful & Not at all useful 2004
Monthly Report of Total Liters Sold and Taxes Paid by Virginia Wholesale Distributors.	39%	30%	27%	39%	10%	24%
Monthly Report of Out of State Vendor Shipping Wine into Virginia.	42%	24%	23%	28%	11%	24%
Monthly Report of Total Liters Sold and Taxes Paid by Virginia Farm Wineries*.	28%	12%	16%	16%	11%	45%
Monthly Farm Winery Report	29%	8%	9%	15%	15%	47%

If the following services were available on-line, how likely is it that you would use them?

On-Line Service/Electronic Filing for the following services	Very Likely 2006	<i>Very Likely 2004</i>	Somewhat Likely 2006	<i>Somewhat Likely 2004</i>	Not too Likely & Not at all likely 2006	<i>Not too Likely & Not at All Likely 2004</i>
Submit Product Approval Application	57%	57%	20%	20%	23%	23%
Submit Tax Information	53%	50%	22%	21%	24%	29%
Submit Payment Transactions	40%	34%	22%	22%	38%	44%
Submit Purchase Orders	39%	25%	17%	21%	44%	54%
Submit Tax-Exempt Invoices	33%	26%	20%	24%	47%	50%

Deomgraphics of Respondents

What is your ABC license classification?

(Exceeds 245 - Respondents hold one or a combination of several licenses)

Type of License	Number of Licensees held by Respondents 2006	Number of Licensees held by Respondents 2004
Wholesale Beer	43	46
Wholesale Wine	101	44
Beer Importer	51	41
Wine Importer	87	59
Farm Winery	57	0
Direct Ship Beer	7	0
Direct Ship Wine	92	0
Total Licenses held	438	190
Total respondents	N=245	N=121

Wholesalers and Importers Additional Comments:

Reporting & Forms

- Perhaps periodic training session for monthly reporting requirements.
- For those of us who average shipping only 1 – 5 cases per month it would be a big help to report quarterly rather than monthly. It should also save the state of Virginia time and money.
- ABC could reduce the paper burden by reviewing the true need for info collected. Do we need to know broken bottles? What about those addresses on direct shippers forms. Violates privacy, not needed.
- All forms and requirements must be given to us at one time and not staggered.
- Direct shipment reporting – WAY too much paper work each month.
- Sort of...the direct shippers report would be great electronically if I could have the document as our wine club members are pretty consistent.
- The “direct shippers” report on 8 ½ x 11 instead of legal size paper.
- Yes I filled out my first form in Feb. The “direct shippers” report on 8 ½ x 11 instead of legal size paper.
- Better up to date info on brand ownership and territories assigned.
- Reporting for a winery our size is very cumbersome – need to allow a quarterly reporting or even annual.
- Make things too complicated – use too much paper work when an email or phone call will solve the problem.
- Please see that address corrections and that contact people are actually changed when requested!
- The Brand Registration process takes far too long (up to 8 weeks and the forms are confusing, especially attachments A & B.

Regulations

- Regulations need to be clear and updated.
- There is an inconsistency in the interpretation of ABC regulation both retail and wholesale across the state. Enforcement should insure and provide necessary training to all compliance agents in the ABC enforcement correct interpretation of all title 3 ABC regulations.

ABC Staff – Plus

- My agent was very helpful to work with.
- As a new winery, I appreciate the helpful personnel and professionals at ABC.
- Regarding items 1 – 5 (Compliance Agent Services & Tax Management) we did not answer because of lack of direct contact.
- You guys are one of the easiest states to deal with, keep up the good work.
- Martha Anusbigian is excellent!
- Yes I filled out my first form in Feb and it was wrong. They called me and helped me out. It was great!!!! service.
- Always a pleasure dealing with VA ABC and Tax management personnel
- The woman I have spoken with regarding compliance reports has been exceptionally nice, understanding and helpful.

ABC Staff – Opportunities for improvement

- Please provide instruction in “courtesy”, “politeness”, and “professionalism” to those at the board that must deal with wholesalers. We are all “in this together”. No one person has all the answers. Let’s cooperate in a pleasant manner.
- Many issues with tax management services – in my experience they have not been fully knowledgeable on the requirements of an out of state traveler.

Wholesalers and Importers Additional Comments: *(continued)*

Label Approval

- PLEASE hire some administrative personnel in the Tax Management section to help speed the franchise and label approval process. It is shockingly slow.
- 40 days for label approval? Unacceptable.
- Label registration delays are hindering my business.
- Private label approvals are burdensome. VA labels approvals can contradict TTB standards.
- Please speed up your wine label approval and revision process and make it clearer and easy to retrieve online.
- Approvals take too long

Website

- Your website seems to not have the capacity to maintain excessive traffic. It is a huge pain when it is inaccessible. Do something to help fix this please.
- I find that the website for distributors is very user-unfriendly.
- You really should have address/county/locality information cross-referenced and available online.
- The label approval section on the website sorts on the approval code #, low to high. It would be better if it sorted on the date approved or brand name first, and brand type second.

Other

- Farm wineries must retain the right to self distribute.
- ABC should refocus on "enforcement" responsibilities (staff) – too much top management focus on sale of distilled spirits. Your mission is larger than that.
- Seem to be under staffed at times.
- Virginia is one of the most difficult states to do business for the small wine producer..may either omit or completely write off the state of Virginia.